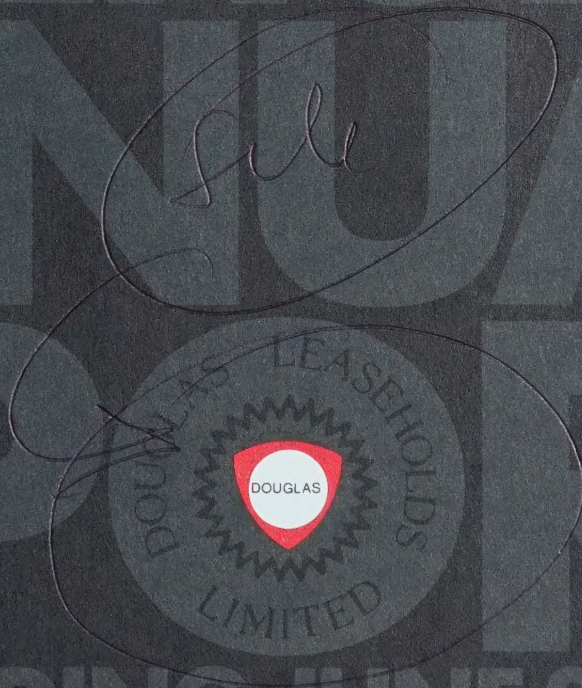


AR42

*Barry J. Hall*



# DOUGLAS LEASEHOLDS ANNUAL REPORT FOR YEAR ENDING JUNE 30, 1970









789-7205

# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

## DOUGLAS LEASEHOLDS LIMITED

1000 Lawrence Ave. West

TORONTO, ONTARIO

### DIRECTORS

Thomas M. Bradfield  
Alexander H. Douglas  
George F. Leaver  
John B. McLellan  
James J. P. Walsh, Q.C.

### OFFICERS

Alexander H. Douglas	PRESIDENT
Thomas M. Bradfield	VICE-PRESIDENT & GENERAL MANAGER
George F. Leaver	VICE-PRESIDENT
John B. McLellan	SECRETARY
Albert Zoberman	TREASURER

### TRANSFER AGENTS AND REGISTRARS

Canada Permanent Trust Company	TORONTO
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### SOLICITORS

Fraser & Beatty	TORONTO
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### AUDITORS

Laventhol Krekstein Horwath & Horwath	TORONTO
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# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970



## DOUGLAS LEASEHOLDS LIMITED

Report to the Shareholders

Your Directors are pleased to submit the Annual Report of the Company for the year ended June 30, 1970, with comparative figures for the previous year. In addition, we enclose the financial statements of Juniper Investments Limited, a wholly-owned subsidiary.

### FINANCIAL

Gross revenue from rented properties, dividends, and management fees totalled \$770,716 for the year ended June 30, 1970, compared to \$766,773 reported in the 1969 fiscal year. Profit from other transactions, including the sale of real estate, made a substantial contribution to earnings this year, and after all charges and income taxes, the Company realized net income of \$169,978 compared with \$119,481 in the previous year.

(It should be noted that the figures for last year have been re-stated to reflect depreciation on the sinking fund method of accounting, and to make these figures directly comparable to the current year. Since the majority of real estate companies have adopted this method of reporting, we felt it advisable to conform with the industry in this respect.) Total earnings per share this year amounted to 21.5¢, an increase of 42% over 15.1¢ per share earned in the previous year.

Juniper Investments Limited reported total revenue of \$355,562 in the year ended June 30, 1970, but after all charges (including provision of \$34,598 for depreciation) recorded a net loss of \$10,390 on operations. Through advances from Douglas Leaseholds, this subsidiary has acquired over \$1 million in assets during the past 16 months, and we are confident that these acquisitions will make an important contribution to earnings in the future.

### OPERATIONS

In the year under review your Company, by virtue of its management contract with Auto Electric Service Company, Limited, has devoted considerable time to the study of certain problems which became apparent in Auto Electric during 1969-1970. We believe that many of these problems have been identified and are now being dealt with to the point that a steady improvement in earnings should be realized. Your Company purchased an additional 25,000 shares of Auto Electric prior to June 30, 1970, and is continuing to purchase shares as circumstances warrant.

In February, 1970, as previously reported, we completed the purchase of 28 acres of land and buildings in Woodbridge, Ontario from Robinson Cotton Mills Limited. The buildings, consisting of approximately 290,000 sq. ft., are fully rented and this income is reflected in the accounts of Juniper Investments Limited. We are pleased to report that Mr. William Robinson has accepted a position with Juniper to manage this valuable property. A picture of the plant is shown on the first page of this report.

For some months we have been negotiating with H. Salt, Esq., of Canada Limited, a division of Ken-

tucky Fried Chicken Corporation of Louisville, Kentucky, and have now agreed to participate in development of their unique fish and chip shoppes in Ontario. A typical H. Salt, Esq., store is shown on the first page of this report.

Negotiations are proceeding with another major U.S. corporation to develop a number of properties to their distinctive design, and we will lease all of the above properties on a net/net basis in accordance with our standard development techniques.

Plans for a major shopping centre in Leamington, Ontario are proceeding more slowly than anticipated, principally due to re-zoning problems. We have set up a separate company to handle this development and to facilitate financing, and your Company will hold a 50% interest in this project, plus a management contract.

### OUTLOOK

The past year has been a difficult one in which to undertake new projects due to the monetary climate, which has received wide publicity. However, we feel that much has been accomplished, in that we have successfully added approximately \$1 million of new revenue producing assets to our portfolio, with a very modest outlay of funds. At the same time, we have laid the groundwork for an extensive programme of new development, now underway, which will be limited only by the availability of suitable financing.

On Behalf of the Board of Directors,

ALEXANDER H. DOUGLAS  
PRESIDENT

Toronto, November 9, 1970

# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

**DOUGLAS  
LEASEHOLDS  
LIMITED  
AND SUBSIDIARY**

**CONSOLIDATED  
STATEMENT OF INCOME**

**YEAR ENDED JUNE 30, 1970**

(Note 1)

	Year Ended June 30,	
	1970	1969 (Note 3)
Revenue:		
Rentals.....	\$713,905	\$702,278
Less rent paid on leased service stations	138,291	139,262
	<u>575,614</u>	<u>563,016</u>
Investment income.....	56,811	64,495
	<u>632,425</u>	<u>627,511</u>
Expenses:		
Interest on long-term debt.....	284,152	302,717
Depreciation.....	45,424	47,384
Other operating expenses.....	134,344	123,054
	<u>463,920</u>	<u>473,155</u>
Operating income.....	168,505	154,356
Profit on sale of real estate and investments	37,954	50,508
Income before income taxes and extra-ordinary items.....	206,459	204,864
Estimated income taxes (Note 9).....	88,641	85,383
Income before extraordinary items.....	<u>117,818</u>	<u>119,481</u>
Extraordinary items (Note 13).....	52,160	—
Net income.....	<u>\$169,978</u>	<u>\$119,481</u>
Earnings per share:		
Income before extraordinary items.....	14.9¢	15.1¢
Net income.....	<u>21.5¢</u>	<u>15.1¢</u>

See accompanying notes.

# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

**DOUGLAS  
LEASEHOLDS  
LIMITED  
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS**

1. *Basis of consolidation:*

The financial statements consolidate the accounts of the Company and its wholly-owned subsidiary, Douglas Leaseholds (Quebec) Limited.

2. The financial statements of the subsidiary company, Juniper Investments Limited, have not been consolidated with those of the parent company as it is more informative to present separate financial statements for each company. The subsidiary's loss for the year ended June 30, 1970 was \$10,390 and the accumulated loss since acquisition was \$22,725. These losses have not been recorded in the account of Douglas Leaseholds Limited. Separate financial statements for Juniper Investments Limited are included in the Company's annual report.

3. *Change in basis of accounting:*

Depreciation on buildings included in investment properties was previously recorded on a straight-line basis to depreciate 75% of the cost of the buildings over the term of the leases. The Company has now adopted the sinking fund method of depreciation under which an increasing amount, consisting of a fixed annual sum together with interest computed at the rate of 5% per annum, is charged to income so as to fully depreciate the buildings over a 35-year period. The accounts for 1969 have been re-stated so as to record depreciation on this basis and depreciation for prior periods has been reflected in the statement of retained earnings to the extent of \$390,983. The effect of the change is an increase in net income of \$27,388 in 1970 and \$24,562 in 1969. These amounts are after a provision for deferred income tax.

4. *Accounts and mortgages receivable:*

Proceeds due on sale of real estate.....	\$	83,000
Mortgages receivable:		
8% matures May 30, 1971.....	\$	7,195
9% matures October 17, 1979.....		31,108
9% matures September 25, 1970.....		13,000
		51,303
Sundry accounts receivable.....		3,414
	\$	<u>137,717</u>



# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

## DOUGLAS LEASEHOLDS LIMITED AND SUBSIDIARY

(Incorporated under the laws of Ontario)

### CONSOLIDATED BALANCE SHEET YEAR ENDED JUNE 30, 1970

	June 30,	
	1970	1969
<b>ASSETS</b>		
Accounts and mortgages receivable (Note 4).....	\$ 137,717	\$ 9,613
Sinking fund cash deposit.....	74,355	—
Land held for resale, at cost.....	30,336	30,336
Investment properties (Notes 3 and 5).....	6,674,107	6,767,874
Investment in wholly-owned subsidiary, at cost (Note 2).....	290,021	288,517
Investment in shares of Auto Electric Service Com- pany Limited (Note 6).....	624,891	510,400
Prepaid expenses and sundry assets.....	18,616	22,721
Deferred financing costs and expenses, less amorti- zation (Note 7).....	210,004	226,683
Approved on behalf of the Board of Directors:		
Alexander H. Douglas (Director)		
Thomas M. Bradfield (Director)	<u>\$8,060,047</u>	<u>\$7,856,144</u>

## LIABILITIES

Bank indebtedness (Notes 6 and 8).....
Accounts payable and accrued interest.....
Shareholder's loan.....
First mortgage bonds (Note 8).....
Mortgages payable (Note 8).....
Deferred commissions payable.....
Deferred income.....
Deferred income tax (Note 9).....

## SHAREHOLDERS' EQUITY

Capital (Note 10):
Authorized:
1,500,000 Common shares, no par value
Issued:
790,000 Common shares.....
Excess of appraised value of land included in entries over cost (Note 5).....
Retained earnings.....

See accompanying notes.

# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

June 30,

1970 1969

\$ 352,245	\$ 188,600
121,711	102,091
90,602	—
3,171,000	3,372,000
855,779	935,452
88,750	96,250
75,258	28,058
153,059	108,200
<u>4,908,404</u>	<u>4,830,651</u>

## DOUGLAS LEASEHOLDS LIMITED AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1970

(CONT'D.)

1,066,200	1,066,200
1,644,031	1,687,859
441,412	271,434
<u>3,151,643</u>	<u>3,025,493</u>
<u>\$8,060,047</u>	<u>\$7,856,144</u>

#### 5. Investment properties:

Undeveloped land, at appraised value.....	\$ 145,500
Developed properties:	
Land, at cost.....	171,906
Land, at appraised value.....	3,796,343
Buildings, at cost.....	2,860,247
	6,828,496
Less accumulated depreciation (Note 3)...	299,889
	<u>6,528,607</u>
	<u>\$6,674,107</u>

#### Land:

Land shown above at appraised value is based on an appraisal made June 30, 1968, by Canada Permanent Trust Company. The excess of appraisal value over cost was originally \$1,687,859 and has subsequently been reduced to \$1,664,031. The reduction is a result of properties sold during the year.

#### 6. Investments in shares of Auto Electric Service Company, Limited:

The Company owns 108,000 common shares of Auto Electric Service Company, Limited representing 17.7% of the issued common shares. These shares were acquired for \$624,891. This includes the purchase during the year of 25,000 common shares at a cost of \$114,492. The market value as at June 30, 1970 was \$475,200. (The market value at date of Auditors' Report, August 18, 1970 was \$432,000). These shares have been pledged against bank and other indebtedness.

#### 7. Deferred financing costs and expenses, less amortization:

Unamortized mortgage financing costs.....	\$ 92,419
Unamortized leasing commissions.....	110,595
Prepaid rent.....	6,990
	<u>\$ 210,004</u>

Amortization for the current period amounted to \$15,857.

#### 8. First mortgage bonds:

6¾% serially due January 1, 1970 to 1985..	\$ 187,000
7½% serially due June 1, 1970 to 1985.....	178,000
6¾% serially due November 1, 1970 to 1985	385,000
6¾% sinking fund due January 15, 1982....	1,453,000
*6½% sinking fund due March 1, 1988.....	587,000
6¼% sinking fund due November 1, 1988....	381,000
	<u>\$3,171,000</u>

\*This amount is net of \$43,000, which represents bonds purchased by the Company and not cancelled as at June 30, 1970. These uncanceled bonds have been pledged as collateral for bank indebtedness and will be used to meet current principal obligations of \$35,000.

#### Mortgages payable:

First mortgages:	
10.9% due August 2, 1970.....	\$ 50,000
5½% due April 1, 1971.....	21,287
7% due October 1, 1977.....	13,473
7% due November 30, 1977.....	18,638
7% due January 1, 1978.....	19,351
7% due November 1, 1978.....	25,289
7¼% due February 20, 1986.....	389,558
7¼% due December 20, 1986.....	54,744
7¼% due March 10, 1986.....	40,437
7½% due March 1, 1987.....	45,977
6% due October 21, 1978.....	101,959
	<u>780,713</u>
Second mortgages.....	75,066
	<u>\$ 855,779</u>

The aggregate amount of payments estimated to be required in each of the next five years to meet sinking fund and other mortgage debt retirement provisions are as follows:

1971.....	\$285,100
1972.....	241,000
1973.....	224,000
1974.....	246,000
1975.....	256,000

#### 9. Deferred income tax:

In calculating the taxable income, the Company avails itself of certain provisions of the Income Tax Act to reduce taxes currently payable by \$40,401 in 1970 and \$40,900 in 1969. The total of deferred taxes at June 30, 1970 is \$153,059.

#### 10. Capital

A director and officer has been granted an option to purchase 25,000 common shares of the Company at a price of \$6.00 per share exercisable in five annual instalments of 5,000 shares each commencing December 1, 1969.

#### 11. Commitments:

The Company is committed as a tenant under various leases to annual rentals of approximately \$138,000. All the leased properties have been sub-leased, mainly to major oil companies, for periods that approximately coincide with the terms of the leases of the Company. Each of the properties yields a rental equal to or greater than the rent paid by the Company.

The Company has options to purchase all leased properties, except the truck distribution terminal in the Town of Mississauga, at the expiration of the respective lease terms.

#### 12. Remuneration of directors and senior officers:

The aggregate direct remuneration for the year paid or payable to directors and senior officers amounts to \$48,871.

#### 13. Extraordinary items:

Gain on purchase of 6¼% sinking fund bonds payable, due March 1, 1988 (See note 8).....	\$17,160
Settlement on general damages claimed.....	35,000
	<u>\$52,160</u>

#### AUDITORS' REPORT

To the Shareholders of  
DOUGLAS LEASEHOLDS LIMITED,  
Toronto, Ontario.

We have examined the consolidated balance sheet of Douglas Leaseholds Limited and its subsidiary as at June 30, 1970 and the consolidated statements of income, retained earnings, and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Companies as at June 30, 1970 and the results of their operations and the source and the use of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in the basis of accounting for depreciation as described in Note 3 with which we concur.

LAVENTHOL KREKSTEIN HORWATH & HORWATH  
August 18, 1970. Chartered Accountants.



**DOUGLAS  
LEASEHOLDS  
LIMITED  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT  
OF RETAINED EARNINGS**

YEAR ENDED JUNE 30, 1970

**CONSOLIDATED STATEMENT  
OF SOURCE AND USE OF FUNDS**

**DOUGLAS  
LEASEHOLDS  
ANNUAL  
REPORT**

FOR YEAR ENDING JUNE 30, 1970

	Year Ended June 30	
	1970	1969
Retained earnings (deficit) beginning of year:		
As previously reported.....	<b>\$ (144,169)</b>	\$ (187,089)
Adjustment of prior years' income (Note 3)	<b>415,603</b>	390,983
As restated.....	<b>271,434</b>	203,894
Net income for year.....	<b>169,978</b>	119,481
	<b>441,412</b>	323,375
Deduct:		
Dividends.....	—	26,250
Underwriting expenses (net after tax).....	—	25,691
	—	51,941
Retained earnings, end of year.....	<b>\$441,412</b>	\$ 271,434

Source of funds:		
Operations:		
Net income.....	<b>\$169,978</b>	\$ 119,481
Add charges not requiring cash outlay:		
Depreciation and amortization.....	<b>53,804</b>	55,763
Deferred income taxes.....	<b>44,859</b>	40,900
	<b>268,641</b>	216,144
Shareholder's advances.....	<b>90,602</b>	—
Prepaid rent.....	<b>48,000</b>	—
Cost of properties sold.....	<b>40,503</b>	75,411
Net change in other assets and liabilities..	<b>23,186</b>	(88,948)
Proceeds from issue of common shares...	—	1,065,900
Funds obtained from bank.....	<b>163,645</b>	(143,905)
	<b>\$634,577</b>	\$1,124,602

Use of funds:		
Sinking fund deposit.....	<b>\$ 74,355</b>	\$ —
Purchase of properties.....	<b>35,000</b>	136,906
Increase in advances to unconsolidated wholly-owned subsidiaries.....	<b>1,480</b>	288,238
Increase in investment in Auto Electric Service Company, Limited.....	<b>114,491</b>	147,928
Increase in accounts and mortgages receivable.....	<b>128,578</b>	(5,715)
Principal payments on bonds and mortgages.....	<b>280,673</b>	106,541
Loan repayment.....	—	37,763
Redemption of preference shares.....	—	361,000
Dividends on preference shares.....	—	26,250
Underwriting expenses.....	—	25,691
	<b>\$634,577</b>	\$1,124,602

See accompanying notes.

**JUNIPER  
INVESTMENTS  
LIMITED**

**STATEMENT OF  
LOSS AND DEFICIT**

JUNE 30, 1970

**JUNIPER  
INVESTMENTS  
LIMITED**

**BALANCE SHEET**

JUNE 30, 1970



Income.....	\$355,562
Material costs and expenses.....	296,469
Interest on long-term debt.....	41,913
Depreciation (Note 2).....	34,598
	<u>372,980</u>
Operating loss.....	17,418
Dividends received (net of carrying charges).....	6,337
Profit on sale of investments.....	691
	<u>7,028</u>
Net loss.....	10,390
Deficit, beginning of year.....	12,906
	<u>23,296</u>
Adjustment of prior years' income (Note 2).....	571
Deficit, end of year.....	<u>\$ 22,725</u>
See accompanying notes.	

ASSETS	
Accounts receivable.....	\$ 25,364
Prepaid expenses and sundry assets.....	23,497
Investment in public companies, at cost (market value, \$100,779) (Note 1).....	242,891
Property and equipment, at cost less accumulated depreciation (Note 2).....	939,329
Deposit on purchase of properties (Note 3).....	<u>4,000</u>

LIABILITIES	
Bank indebtedness (Note 1).....	\$ 50,696
Accounts payable and accrued expenses.....	41,362
Mortgages payable (Note 4).....	875,727
Advances from Douglas Leaseholds Limited.....	<u>290,017</u>
	<u>1,257,802</u>

SHAREHOLDERS' EQUITY	
Capital:	
Authorized:	
30,000 Preference shares, \$1 par value, 6 % non-cumulative, voting, redeemable at a premium of 20 %	
10,000 Common shares, no par value	
Issued:	
4 common shares.....	4
Deficit.....	<u>(22,725)</u>
	<u>(22,721)</u>
	<u>\$1,235,081</u>
See accompanying notes.	

Approved on behalf of the Board of Directors:  
Alexander H. Douglas (Director)  
Thomas M. Bradfield (Director)

\$1,235,081

# DOUGLAS LEASEHOLDS ANNUAL REPORT

FOR YEAR ENDING JUNE 30, 1970

## JUNIPER INVESTMENTS LIMITED

### STATEMENT OF SOURCE AND USE OF FUNDS YEAR ENDED JUNE 30, 1970

#### Source of funds:

##### Operations:

Net loss.....	(\$ 10,390)
Add back depreciation, an expense not requiring an outlay of funds.....	34,598
	<u>24,208</u>

Advances from parent Company.....	1,504
Mortgage proceeds.....	625,000
Proceeds on sale of investments.....	8,992
Funds obtained from bank.....	47,986
	<u>\$707,690</u>

#### Use of funds:

Acquisition of shares in Tru-wall Concrete & Forming Limited.....	17,252
Acquisition of property and equipment..	606,378
Principal payments on mortgages.....	32,775
Deposit on purchase of properties (Note 3)	4,000
Net changes in other assets and liabilities..	47,285
	<u>\$707,690</u>
See accompanying notes.	

## JUNIPER INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1970

#### 1. Investments in Public Companies, at cost:

Company	No. of Shares	Cost	Market (June 30, 1970)
Tru-wall Concrete Form- ing Limited.....	62,455	\$238,893*	\$ 99,928
Tru-wall Concrete Form- ing Limited Warrants @ \$4.00 per share expire April 30, 1971.....	24,000	1	1
Sundry.....		3,997	850
		<u>\$242,891</u>	<u>\$100,779</u>

\*Pledged as collateral for bank indebtedness.

#### 2. Property and equipment:

In 1969, the Company bought, and since that date operates, a service station and car wash. The statement of loss reflects twelve months of the operations of this service station and car wash.

On February 1, 1970, the Company purchased land, building and equipment in Woodbridge, Ontario for a total cost of \$600,000. This property is leased to various tenants and is managed by the Company.

The property and equipment consist of the following:

	Cost	Accum- ulated Deprecia- tion	Net
Woodbridge:			
Land (approximately 28 acres).....	\$ 55,187	\$ —	\$ 55,187
Building (290,000 sq. ft.)	550,000	6,089	543,911
Equipment.....	2,000	167	1,833
	<u>607,187</u>	<u>6,256</u>	<u>600,931</u>
Toronto, service station and car wash:			
Land (approximately 2 acres).....	76,404	—	76,404
Building.....	167,840	3,810	164,030
Equipment.....	131,949	33,985	97,964
	<u>376,193</u>	<u>37,795</u>	<u>338,398</u>
Total.....	<u>\$983,380</u>	<u>\$ 44,051</u>	<u>\$939,329</u>

#### Basis of depreciation:

The Company has adopted the sinking fund method of depreciation for buildings under which an increasing amount, consisting of a fixed annual sum together with interest computed at a rate of 5% per annum, is charged to income so as to fully depreciate the buildings over a 35-year period. An adjustment has been made to the deficit account to record depreciation for 1969 on this basis. The effect of the change is a decrease in net loss for 1970 in the amount of \$11,800.

Equipment is depreciated on a straight-line basis of 20% per annum.

#### 3. Deposit on purchase of properties:

The deposit accompanied an offer by the Company to purchase four properties in Ontario at a total cost of approximately \$600,000. The offer is conditional upon the Company being able to arrange satisfactory mortgage financing.

#### 4. Mortgages payable:

	Total	Payable Within One Year	Payable After One Year
BP Canada Limited, due August 1, 1974.....	\$ 41,667	\$ 10,000	\$ 31,667
1st mortgage, 7% due August 1, 1978..	87,074	13,259	73,815
2nd mortgage, 8% due March 14, 1979..	179,986	4,381	175,605
1st mortgage, 9% due February 1, 1980	567,000	99,000	468,000
	<u>\$875,727</u>	<u>\$126,640</u>	<u>\$749,087</u>

The aggregate amounts of principal payments for the next five years are as follows:

1971.....	\$126,640
1972.....	52,836
1973.....	54,126
1974.....	55,642
1975.....	48,961

5. There is a loss carry-forward on an accounting basis of \$29,753 which will be deductible in determining future accounting income taxes.

#### 6. Omission of 1969 figures:

The Company commenced operations in March, 1969 and accordingly its fiscal year ended June 30, 1969 covered only a four month period. Therefore the 1969 figures are omitted from these statements as they would not be comparable.

## AUDITORS' REPORT

To the Shareholders of  
JUNIPER INVESTMENTS LIMITED  
Toronto, Ontario.

We have examined the balance sheet of Juniper Investments Limited as at June 30, 1970 and the statements of loss and deficit and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

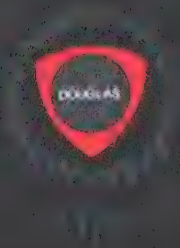
In our opinion these financial statements present fairly the financial position of the Company as at June 30, 1970 and the results of its operations and source and use of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, except for the change in the basis of accounting for depreciation as described in Note 2 with which we concur.

LAVENTHOL KREKSTEIN HORWATH & HORWATH  
August 18, 1970. Chartered Accountants.

Design by BRUCE M. RAPP ASSOCIATES, TORONTO









# JUNIPER INVESTMENTS LIMITED

## STATEMENT OF INCOME (LOSS) AND DEFICIT UNAUDITED

	<i>Six Months Ended December 31</i>	
	<i>1970</i>	<i>1969</i>
Sales and Rental Revenue.....	\$336,811	\$ 61,665
Material costs and expenses.....	278,015	59,315
Interest on long-term debt.....	36,767	10,512
Depreciation.....	17,499	17,384
Operating Income (Loss).....	4,530	(25,546)
Add:		
Dividends Received and Profit on sale of investments.....	2,498	5,431
Net Income (Loss).....	7,028	(20,115)
Deficit at beginning of period.....	22,725	12,906
Deficit at end of period.....	<u>\$ 15,697</u>	<u>\$ 33,021</u>

## STATEMENT OF SOURCE AND USE OF FUNDS SIX MONTHS ENDED DECEMBER 31, 1970

### SOURCE OF FUNDS

Operations	
Net income.....	\$ 7,028
Depreciation.....	17,499
Advances from parent company.....	25,000
Funds obtained from bank.....	70,304
	<u>\$119,831</u>

### USE OF FUNDS

Acquisition of property (net).....	\$ 66,028
Principal payments on mortgages.....	25,663
Net changes in other assets and liabilities.....	28,140
	<u>\$119,831</u>



AR42



# DOUGLAS LEASEHOLDS LIMITED

INTERIM REPORT TO SHAREHOLDERS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1970

# DOUGLAS LEASEHOLDS LIMITED

## REPORT TO OUR SHAREHOLDERS

Your Directors submit an interim report of operations for the six month period ended December 31, 1970, with comparative figures for the similar period last year.

### FINANCIAL

Gross rental revenue and investment income for the period totalled \$390,962, little changed from the \$387,192 reported last year. Gain on the sale of real estate, however, increased to \$35,178 from \$24,428. In addition, your company used the proceeds of monies received from expropriations to purchase at market \$91,000 of bonds for cancellation, which resulted in a gain of \$10,010.

Net income for the half year reached \$101,958, an increase of 41% over re-stated earnings of \$72,241 achieved in the comparable period last year.

Per share earnings were 12.9¢ compared to a re-stated 9.1¢ in the first half of 1969.

### JUNIPER INVESTMENTS LIMITED

Considerable time and effort has been spent on the development of this wholly-owned subsidiary, and it is therefore satisfying to report that Juniper is now operating profitably. In the period under review, on gross revenue of \$336,811, Juniper Investments produced net earnings of \$7,028, compared with a loss of \$20,115 last year. At December 31, 1970 this subsidiary had invested over \$1,300,000 in revenue producing properties and shares of Tru-Wall Concrete Forming Limited. In recognition of your company's substantial (17%) interest in Tru-Wall Concrete Forming Limited, Mr. A. H. Douglas and Mr. T. M. Bradfield were elected Directors of Tru-Wall on October 15, 1970. With the resumption of dividends by this company, and increased rental revenue from properties acquired, we look for continued improvement in the earnings of Juniper Investments Limited.

### OUTLOOK

Although the high cost of borrowing has created difficulties in many areas during the past year, it is gratifying to report that your company has continued to move ahead. With the recent easing in mortgage interest rates, we look forward with optimism to continued growth in the last half of the current fiscal year.

On behalf of the Board of Directors

Alexander H. Douglas  
PRESIDENT

February 19, 1971

# DOUGLAS LEASEHOLDS LIMITED AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF INCOME & RETAINED EARNINGS UNAUDITED

	<i>Six Months Ended December 31</i>	
	<i>1970</i>	<i>1969</i>
Rental Income.....	\$356,052	\$356,952
Less rent paid on leased stations...	68,710	69,290
	<u>287,342</u>	<u>287,662</u>
Investment Income.....	34,910	30,240
	<u>322,252</u>	<u>317,902</u>
Interest on long-term debt.....	133,637	139,933
Depreciation.....	23,445	23,482
Other operating expenses.....	<u>76,400</u>	<u>65,017</u>
Income from operations.....	88,770	89,470
Gain on sale of real estate.....	35,178	24,428
Discount on prepayment of 1st Mortgage Bonds.....	10,010	—
Income before Income Taxes.....	<u>133,958</u>	<u>113,898</u>
Estimated Income Taxes.....	32,000	41,657
Net Income.....	<u>101,958</u>	<u>72,241</u>
Net Income per share.....	12.9¢	9.1¢
Retained Earnings at beginning of period.....	441,412	271,434
Retained Earnings at end of period	<u>\$543,370</u>	<u>\$343,675</u>

## STATEMENT OF SOURCE AND USE OF FUNDS SIX MONTHS ENDED DECEMBER 31, 1970

SOURCE OF FUNDS	
Operations	
Net Income.....	\$101,958
Add charges not requiring cash outlay	
Depreciation and amortization.....	\$ 28,102
Deferred income taxes.....	<u>14,000</u>
Cost of properties sold.....	46,422
Decrease in accounts and mortgages receivable.....	97,372
Net changes in other assets and liabilities.....	<u>11,968</u>
	<u>\$299,822</u>
USE OF FUNDS	
Sinking fund deposit.....	\$ 42,003
Increase in advances to unconsolidated wholly-owned subsidiary...	25,000
Reduction in bank indebtedness....	58,986
Increase in investment in Auto Electric Service Company, Limited	35,083
Principal payments on bonds and mortgages.....	<u>138,750</u>
	<u>\$299,822</u>



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JUNIPER INVESTMENTS LIMITED  
*Statement of Income (Loss) and Deficit*  
 FOR THE SIX MONTHS ENDED DECEMBER 31, 1969  
*Unaudited*

Sales .....		57,498
Material costs and expenses .....	59,315	
Interest on long-term debt .....	10,512	
Depreciation .....	17,384	87,211
Operating loss .....		<u>29,713</u>
Less:		
Rental Revenue .....	4,167	
Dividends received .....	4,740	
Profit on sale of investments .....	691	9,598
Net Loss .....		20,115
Deficit at beginning or period .....		12,906
Deficit at end of period .....		<u>\$ 33,021</u>

The company has been inactive until the current fiscal year  
 when business operations commenced in March, 1969.



## DOUGLAS LEASEHOLDS LIMITED

## Report To Our Shareholders

Your Directors submit an interim report of the Company's operations for the first six months of our fiscal year ending December 31, 1969 with a comparison of 1968 results.

FINANCIAL

Gross revenue from our rented properties, dividends, and management fees totalled \$387,192 compared to \$371,522. Since we normally acquire properties for development as a revenue producing asset, profit from the sale of real estate is treated separately. In the six month period, profit from the sale of real estate was \$24,428 down from \$31,403 in 1968.

Net profit after all charges and income taxes amounted to \$58,836 compared to \$55,123 in 1968.

JUNIPER INVESTMENTS LIMITED

We are pleased to report that this wholly-owned subsidiary is now approaching a profit position. It passed the break-even point in operations during the second quarter of the current year but after allowing for depreciation of \$17,384, the net loss of Juniper increased to \$20,115 for the half year, from \$18,502 in the first quarter. Continued improvement has been shown since the end of December.

NEW PROJECTSCARIBBEAN

In late September 1969, we announced we had secured an option to purchase a Toronto based land development company, having industrial buildings located in Toronto and in addition, owning 169 acres of land in the Caribbean. We have decided not to exercise this option to purchase at this time but we are continuing negotiations with a large insurance company to become a 50% partner with us in this venture.

WOODBIDGE, ONTARIO

The Company exercised its option to purchase the major portion of the assets of Robinson Cotton Mills Limited consisting of approximately 28 acres of land in Woodbridge. Located on the property is an industrial building of 290,000 sq. ft. or approximately 7 acres under one roof. The major portion of the building is leased to one major chemical company on a net lease. The balance to a number of smaller companies. This transaction is expected to be completed in late February 1970.

SHOPPING CENTRE — LEAMINGTON, ONTARIO

The Company has entered into an agreement to become a 35% partner in a shopping centre to be constructed on a 12 acre parcel of land in Leamington, Ontario. Arrangements for a number of major tenants to occupy a department store, food store, etc. are in progress. Douglas Leaseholds Limited in addition to being a 35% owner will receive a management fee for operating the centre.

OUTLOOK

Considering the above mentioned revenue producing assets that the company is acquiring and the expected realization from the disposal of certain real estate of the company, we are confident our year ending June 30, 1970 will show satisfactory increases in profits and in the value of our holdings.

On behalf of the Board of Directors

Alexander H. Douglas

February 25, 1970

PRESIDENT

## DOUGLAS LEASEHOLDS LIMITED

AND ITS SUBSIDIARY

## Consolidated Statement of Income &amp; Deficit

Unaudited

	317,902	301,706
	69,290	67,816
	387,192	371,522
	SIX MONTHS ENDED DECEMBER 31	
	1969	1968
Rental Income .....	\$356,952	\$345,326
Less rent paid on leased stations ..	69,290	69,816
	287,662	275,510
Investment Income .....	30,240	26,196
	317,902	301,706
Interest on long-term debt .....	139,933	149,626
Depreciation .....	52,887	51,198
Other operating expenses .....	65,017	53,562
Income from operations .....	60,065	47,320
Profit on sale of real estate .....	24,428	31,403
Profit before income taxes .....	84,493	78,723
Estimated income taxes .....	25,657	23,600
Net profit .....	58,836	55,123
Deficit at beginning of period .....	144,169	187,088
	85,333	131,965
Dividends .....	—	26,250
Cost of supplementary letters patent .....	—	671
Deficit at end of period .....	\$ 85,333	\$158,886

Because of the nature of the company's operations changes in working capital are not meaningful and accordingly a statement of source and application of funds has been omitted.